

Message Text

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ACTION IO-14

INFO OCT-01 EA-11 ISO-00 VO-03 CPR-02 SCA-01 SY-04 USSS-00

FBIE-00 CIAE-00 DODE-00 PM-07 H-03 INR-11 L-03

NSAE-00 NSC-07 PA-04 RSC-01 PRS-01 SP-03 SS-20

USIA-15 OIC-04 AID-20 EB-11 SWF-02 AGR-20 TRSE-00

STR-08 FEA-02 SCI-06 DRC-01 COME-00 /185 W
----- 078527

P R 280100Z AUG 74

FM AMEMBASSY WELLINGTON

TO SECSTATE WASHDC PRIORITY 8575

INFO USMISSION USUN

C O N F I D E N T I A L WELLINGTON 2706

EO 11652: GDS

TAGS: PFOR UNGA NZ

SUBJECT: SECVISIT UNGA; PM KIRK VISIT TO US

REF: A) STATE 170108; B) WELLINGTON 2478

1. THERE FOLLOW TOPICS EMBASSY BELIEVES MIGHT BE RAISED IF
SECRETARY MEETS WITH PRIME MINISTER KIRK DURING UNGA:

A) SEATO -GNZ IS PREPARED TO CONTINUE PLAY ROLE
IN SEATO, WHICH IT SEES AS ORGANIZED AT THIS TIME PRIMARILY
TO SUPPORT THAILAND. SECRETARY'S VIEWS ON FUTURE OF THAILAND
WOULD BE WELCOMED BY KIRK.

B) SOUTHEAST ASIA-KIRK HAS A DEEP AND ABIDING
INTEREST IN SOUTHEAST ASIA. PRESENCE OF NZ BATTALION IN
SINGAPORE, CONTINUED SUPPORT FOR SEATO, AND INCREASED ECONOMIC
AID FOR MANIFESTATIONS OF GNZ'S DESIRE TO SEE DEVELOPMENT OF
STABLE DEMOCRACIES IN THE AREA. KIRK SHOULD BE ENCOURAGED TO
CONTINUE HIS EFFORTS IN THIS HIGHLY IMPORTANT PART OF THE WORLD.

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C) ANZUS-KIRK BELIEVES ANZUS IS KEY TO

NEW ZEALAND SECURITY AND STRONGLY SUPPORTS ORGANIZATION DESPITE SOME OPPOSITION FROM LEFT WING OF HIS OWN LABOUR PARTY. IMPORTANCE OF ANZUS IN GENERAL, AND NEW ZEALAND ROLE IN PARTICULAR, SHOULD BE STRESSED. POSSIBILITY OF NUCLEAR POWERED WARSHIP VISIT, ABOUT WHICH KIRK IS EXTREMELY SENSITIVE, MIGHT BE RAISED IN THE ANZUS CONTEXT.

D) WORLD FOOD PROGRAM -KIRK IS HIGHLY INTERESTED IN PROBLEMS OF FEEDING THE WORLD. HE WILL WANT TO HEAR SECRETARY'S IDEAS ON THIS SUBJECT.

E) PACIFIC BASIN- NEW ZEALAND IS PLAYING AN INCREASINGLY GREATER ROLE IN THE PACIFIC. KIRK'S VIEWS ON FUTURE OF SOUTH PACIFIC ISLAND NATIONS WILL BE INTERESTING AND USEFUL.

F) BILATERAL TRADE-RECENT RESERVE BANK TRADE FIGURES SHOW BILATERAL TRADE BALANCE NOW FAVORS US. KIRK WILL BE WELL AWARE OF THIS AND WILL STRESS THAT THE US MARKET MUST CONTINUE TO BE OPEN TO NEW ZEALAND MEAT AND DAIRY PRODUCTS. USG DECISION NOT RPT NOT TO REIMPOSE RESTRICTIONS ON IMPORTS FROM NEW ZEALAND HAS, OF COURSE, BEEN WELL RECEIVED HERE. KIRK WILL PROBABLY WANT TO GET SOME ASSURANCES THAT US POLICY WILL NOT BE CHANGED WITHOUT FULL CONSULTATIONS.

G) MULTILATERAL TRADE NEGOTIATIONS- GNZ HAS BEEN WATCHING CLOSELY THE PROGRESS OF THE TRADE BILL IN CONGRESS.

THE OUTCOME OF THIS BILL WILL BE AN IMPORTANT FACTOR INFLUENCING GNZ'S DETERMINATION TO DO HARD NEGOTIATING ALONGSIDE THE US AT THE MTN. KIRK WOULD APPRECIATE BEING BRIEFED ON STATUS AND LIKELY FUTURE OF THE BILL.

H) NZ BALANCE OF PAYMENTS- IT IS ESTIMATED THAT INCREASED OIL AND RELATED COSTS WILL RAISE NZ'S IMPORT PAYMENTS BY NZ DOLS 400 MILLION. WITH OTHER IMPORT COSTS ALSO INCREASING IN LATE 1973 AND 1974 AND THE PRICES OF NEW ZEALAND'S PRINCIPAL EXPORTS (BEEF AND WOOL) DECLINING, THE COUNTRY'S FOREIGN EXCHANGE RESERVES ARE FALLING ALARMINGLY. CONFIDENTIAL

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GNZ IS NEGOTIATING FOR INTERNATIONAL LOANS AND HAS STARTED TO TAKE SELECTIVE STEPS AIMED AT INDUCING REDUCTIONS IN IMPORTS. (MORE SEVERE MEASURES SUCH AS IMPORT RESTRICTIONS AND A DEVALUATION ARE NOT BEYOND THE REALM OF POSSIBILITY.)

KIRK WILL BE VERY INTERESTED IN THE SECRETARY'S ASSESSMENT OF THE OVERALL EMERGING INTERNATIONAL ECONOMIC OUTLOOK, ESPECIALLY IN SUCH AREAS AS PETROLEUM PRICES AND

SUPPLIES, THE LIKELIHOOD OF A WORLD ECONOMIC SLUMP (WHICH COULD BE VERY SERIOUS FOR NEW ZEALAND'S EXPORT OUTLOOK), AND STEPS WHICH MIGHT BE TAKEN AT THE INTERNATIONAL AND DOMESTIC LEVELS TO COUNTER A RECESSION AND A SHRINKING OF WORLD TRADE.

I) WORLD INFLATION-NEW ZEALAND HAS ABOUT A 10 PERCENT INFLATION RATE WHICH MAY RISE. IT HAS LITTLE HOPE OF CORRECTING THIS UNTIL WORLD-WIDE INFLATION SUBSIDES. GNZ SEES STEPS BY THE USG TO BRING ITS INFLATION IN LINE AS IMPORTANT IN REVERSING THE WORLD TREND. KIRK WILL UNDOUBTEDLY APPRECIATE AN ASSESSMENT OF THE OVERALL OUTLOOK IN THIS REGARD.

J) SCIENCE AND TECHNOLOGY AGREEMENT-KIRK WILL PROBABLY UNDERLINE VALUE OF S&T AGREEMENT FOR BROADENING US-NZ TIES. BY TIME OF MEETING GNZ WILL HAVE REASONABLY WELL DEFINED PROJECTS WHICH IT EXPECTS TO PUSH UNDER AGREEMENT. EMBASSY WILL FORWARD THESE BY SEPTTEL ABOUT SEPTEMBER 10. SECRETARY WILL WANT TO STRESS IMPORTANCE US PLACES ON INTERNATIONAL SCIENTIFIC COOPERATION AND ASSURE KIRK OF OUR INTEREST IN BILATERAL SCIENTIFIC ACTIVITIES.

2. EMBASSY PREPARED PUT TOGETHER MORE DETAILED OUTLINE OF THESE TALKING POINTS IF NEEDED.

3. KIRK CONTINUES INDISPOSED FROM STRONG BOUT WITH INFLUENZA. THIS, COUPLED WITH HIS ALREADY RUNDOWN CONDITION, IS CASTING CONSIDERABLE DOUBT ON HIS ABILITY TO TRAVEL TO UNITED STATES IN SEPTEMBER. WILL KEEP DEPARTMENT ADVISED.

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